

Testimony of the Connecticut Chapter of the National Solid Waste & Recycling
Association

Environment Committee Connecticut General Assembly

March 11, 2019

HB 7295 - AAC A RECYCLING PROGRAM FOR PAPER AND PACKAGING AND
REQUIRING CERTAIN MUNICIPAL SOLID WASTE MANAGEMENT GOALS

My name is Chaz Miller. I'm here on behalf of the Connecticut Chapter of the National Waste & Recycling Association. I worked in recycling and waste for four decades at EPA, the glass packaging industry and the private sector waste and recycling industry. I am here to testify on Raised Bill 7293.

Two years ago, the General Assembly created a Task Force to study this issue in detail. In December, 2017, after eight meetings, 16 power point presentations and 19 written comments, and countless hours of effort by its members, the Task Force made 28 recommendations and voted 6 to 3 that Connecticut did not need to pursue extended producer responsibility (EPR) for paper and packaging.

The Task Force concluded two years ago that EPR:

- will not increase recycling
- will not lead to more recyclable or less toxic packages and
- will not lead to lower costs.

Instead, manufacturers will pass on their costs to consumers who will pay twice: as taxpayers and as consumers. (A link to the Task Force's report is on the Committee's web page.)

Yet, after all that effort, here we are again.

Connecticut's Robust Recycling Infrastructure

Connecticut is in the top 10 states in the country in terms of recycling. Residents benefit from strong statewide education on recycling. They also benefit from the sophisticated recycling collection and processing infrastructure developed by the private sector at its own financial cost. These companies employ more than 6,000 people with a direct economic impact of \$1.4 billion.

Connecticut has a robust recycling infrastructure. Private and public sector recycling crews collect at the curbside throughout the state. A handful of smaller towns without curbside have drop off facilities. Whether collected at the curbside or at drop-off

centers, the recyclables are transferred to materials processing facilities operating in six Connecticut cities.

These facilities, one of which is publicly owned, process more than 5,000 tons per day of recyclables. They use the best potential equipment to turn the recyclables you put at the curbside into raw materials for manufacturers..

The statewide mandate of what must be recycled aids these facilities by requiring the same set of recyclables throughout the state. The “What’s In, What’s Out” campaign is a highly efficient way to achieve consistent statewide education on recycling. By eliminating the potential for confusion between neighboring towns collecting different materials, it guarantees better recycling in Connecticut.

The existing recycling collection and processing infrastructure also aids the state in preserving its limited instate disposal capacity. It also makes a significant contribution to preserving natural resources.

Extended Producer Responsibility

This bill would make Connecticut the first state in the country to have EPR for packaging and paper products. This state will be developing a totally new form of managing recyclables from scratch.

EPR is generally defined as a mandatory type of product stewardship that makes the producer responsible for the post-consumer management of that product and its packaging”. Undoubtedly you will hear from proponents that EPR:

- internalizes environmental costs for producers and therefore shifts those costs from taxpayers to producers
- in response, and as a result, producers will find ways to make their products more recyclable and less toxic.

They will paint EPR as a silver bullet for recycling, based on the simple slogan, “Make the Manufacturers Pay”.

Yet this seemingly simple solution is highly complex in its execution. Yet, it masks the reality that Connecticut residents will ultimately pay for recycling.

How EPR works

Let’s start with how a company in the packaging chain would comply with an extended producer responsibility law in Connecticut. Producers comply either through individual or collective responsibility:

- Individual responsibility occurs when a company recovers and recycles its products.

- Collective responsibility happens when companies join a product stewardship organization that will manage recovery and recycling on behalf of its collective members.

Clearly individual responsibility offers an opportunity for green design and true cost internalization. But it also has high transaction costs for each individual company. Collective responsibility offers economies of scale and lower transaction costs.

As a result, most packaging and printed paper responsibility organizations use the collective model because of the sheer size and scale of the packaging industry. However, green design and cost internalization are lost as individual companies split costs.

Impact on Connecticut Businesses

One of the myths of extended producer responsibility is that producers get together and work to meet their mandated goals. That might be true for products with a relatively small number of producers and retailers such as paint, mattresses and mercury thermostats. These industries set up Paint Care, Bye Bye Mattress and the Thermostat Recycling Corporation to help them to meet their mandated goals.

Packaging is a different industry. It is far larger in terms of number of products, producers and retailers. Even with the exemption for small businesses, how many Connecticut businesses will be forced to participate? One thousand? Two thousand? More?

The resulting producer organization will be too large for individual Connecticut companies to have any say in its operations. Instead they will be forced to undertake the onerous task of tracking all of their products and packages by material, weight and size, and pay a pay on each of those packages. This raises some obvious questions:

- what will be the cost to fill out all of those forms?
- what will be the cost to refresh the data as packaging changes?
- who will pay this internal administrative cost imposed on Connecticut companies?

Does anyone really believe that these extra costs won't be passed on to Connecticut consumers through higher prices?

Is this how Connecticut wants to grow its economy?

Cost Internalization?

No, these fees will simply be passed on to consumers who won't know they are paying them. They will be a cost of doing business in Connecticut. Every consumer who shops in, for instance, a grocery store, will experience these cost increases.

It is worth noting that paint, carpet and mattress companies believe that showing the cost of recycling sends a signal to buyers that recycling is not free and that they have a financial stake in successful recycling.

One Big Recycling Organization

EPR proponents argue the collective approach gives economies of scale and economical efficiencies. Yet, such a group is really a monopoly that would control all aspects of residential recycling in Connecticut. If these efficiencies and economies of scale are so worthwhile, then why not have just one solid waste service provider in Connecticut? Why stop there? Why not just one bank or one grocery chain?

Lower municipal costs?

Another myth of extended producer responsibility is that producers pay the full cost of recycling. In reality, because it now controls recycling and has an understandable need to keep its costs as low as possible, the collective group will determine what it believes to be a “reasonable cost” of the collection and processing service and not pay a penny more.

Those local governments that use taxes to pay for these services are not likely to rebate any of that money to their residents. Instead, they are more likely to keep the existing tax money. Their residents will pay twice: once as a taxpayer and once as a consumer.

Local control?

Some local governments in EPR countries hand over collection to the producer group. When this happens they give up control over trucks, time of collection, routes, etc. They lose local control over one of a community's most important public services.

Impact on lower income residents of Connecticut

The fee paid by all of those producers adds to the cost of their packaging and paper products, along with the other extra administrative costs they encounter. These extra costs are no different than a sales tax with its regressive impact on lower income citizens. Is this fair to Connecticut residents who are already struggling to make ends meet?

Green Design/Less Toxic

The Organization for Economic Cooperation and Development, along with most other EPR advocates, has conceded that EPR does not affect product design. In fact, market forces have caused significant green design in the United States. The total amount of packaging increased by 840,000 tons in the United States between 2000 and

2014. At the same time, the per person amount of packaging decreased by 58 pounds (from 539 pounds to 481).

These changes, which include finding ways to make packages as lightweight as possible, are caused by manufacturers who want to use less energy and resources in making their products. This is a market response that lowers costs and offers consumers a product with a lower environmental footprint, lower energy use and lower greenhouse gas emissions.

As for toxic reduction, the Toxics in Packaging Reductions Laws, of which Connecticut is one of 19 states that enacted this law, outlawed the use of lead, mercury, cadmium and hexavalent chromium from packages. Those laws work so well that the European Union adopted them. Similar laws have banned the use of mercury in automobile switches and thermostats.

Behavior change

Successful recycling programs change behavior. They teach consumers to use the recycling bin instead of the trash can. EPR is a highly flawed financing method that does not lead to behavior change.

Behavior change is crucial in making recycling work. People must learn a recycling ethic. Connecticut has succeeded in creating this ethic in single family housing in the majority of the state. Like most states, multi-family housing remains a problem for recycling with much less of a recycling ethic. The state would do well to concentrate its education and enforcement resources on multi-family housing and poor performing communities.

Impact on DEEP

Product stewardship organizations cannot operate without government oversight. DEEP will need staff and time to set up, supervise, police and evaluate this big, new program. While this oversight money will be paid by the producer organization, Connecticut taxpayers and consumers will supply those funds.

In conclusion

What problem is this bill trying to solve?

Is it trying to transfer the cost of recycling from local governments to manufacturers? If so, that will happen only partially. As noted above, the producer group will pay what it believes is a reasonable cost NOT necessarily a local government's full cost. In response to British Columbia's EPR program, for instance, cities are demanding more transparency and more money from the producer group because their full costs are not being covered.

But beware what you ask for. Unless their taxes are lowered as a result of producer payments, taxpayers will pay twice, once as taxpayers and the second time as consumers. The impact will hit low income Connecticut residents the hardest because like any sales tax, this one hits them the hardest.

If EPR is adopted, not only will the recycling industry take a hit, but EVERYONE will pay more at the cash register for EVERY product in their shopping cart.

A one size fits all approach does not work for different products, yet extended producer responsibility is a rigid approach that imposes a bureaucratic strait jacket on recycling.

Packaging is a particularly complicated area. EPR does not make packages greener or more recyclable. Instead it:

- will increase costs for Connecticut businesses
- will increase costs for consumers and taxpayers
- will hit low income Connecticut residents the hardest
- will create a monopoly that controls collection and processing of recyclables
- will not help improve Connecticut's existing economically efficient and effective recycling system.

The Task Force concluded 15 months ago that EPR will not increase recycling, will not lead to more recyclable or less toxic packages, and will not lead to lower costs. Instead, manufacturers will pass on their costs to consumers who will pay twice: as taxpayers and as consumers.

Connecticut has a vibrant recycling collection and processing system which has given it a high ranking compared to other states. EPR is a solution looking for a problem